GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4309
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LIBERALISATION AND ITS IMPACT
RAMSHETH THAKUR

Will the Minister of FINANCE be pleased to state:

(a) the foreign companies which have entered the Indian market after global liberalisation;

(b) the effect of the global liberalisation on the Indian economy and Indian Companies ;

(c) Whether the global liberalisation has created large scale unemployment in the country;

(d) If so, the action taken / being taken by the Government to rehabilitate these persons ; and

(e) the policy of the Government on global liberalisation ?

Answer

Minister of State in the Ministry of Finance(SHRI BALASAHEB VIKHE PATIL)

(a) : The total number of Foreign collaboration approvals since 1991 and up to 31 August 2000 are as following :

Year	SIA+	RBI+	FIPB++	Total
1991	760	188	2	950
1992	585	736	199	1520
1993	307	676	493	1476
1994	382	702	770	1854
1995	593	799	945	2337
1996	410	719	1174	2303
1997	167	801	1357	2325
1998	193	432	1161	1786
1999	221	571	1432	2224
2000	137	324	1004	1465

\+ SIA : Secretariat of Industrial Assistance, Department of Industrial Policy and promotion , Ministry of Commerce & Industry
\+ RBI : Reserve Bank of India
++ FIPB : Foreign Investment Promotion Board

(b) The average growth rate of real GDP in the post reforms period of 1992-93 to 1999-2000 was 6.4 percent per annum, which was higher than the average growth of 5.8 % achieved in the pre-reforms period of 1980-81 to 1990-91. The average annual growth rate in the post reforms period is not only higher, but also more stable than the average growth rate in the pre-reforms period.

As per Index of Industrial Production (IIP) the growth rates of Manufacturing sector and overall industrial growth rates have been as under :

Year	Manufacturing	Overall IIP
1991-92	-0.8	0.6
1992-93	2.2	2.3
1993-94	6.1	6.0
1994-95	9.1	8.9
1995-96	14.1	13.0
1996-97	7.3	6.1
1997-98	6.7	6.5
1998-99	4.1	3.8
1999-00	9.2	8.2
2000-01	5.8	5.7

(April-Oct.)

(c) & (d) : The average annual growth rate of overall employment (in both organized and unorganized sectors) declined continuously from 2.75 per cent in the period 1972-78 to 1.77 per cent in 1983-88 but increased to 2.37 per cent in the period 1987-94. The annual growth rates of employment in the organized public and private sector during 1991 to 1998 are indicated below. For the private sector, growth rates of employment had been positive for all the years, while the public sector witnessed marginal decline of employment in 1996 and 1998.

Growth rates of Employment in organised sector (per cent)

Year	Public sector	Private Organized	Total
1991	1.52	1.24	1.44
1992	0.80	2.21	1.21
1993	0.60	0.06	0.44
1994	0.62	1.01	0.73
1995	0.11	1.63	0.55
1996	(-)0.19	5.62	1.51
1997	0.67	2.04	1.09
1998	(-)0.09	1.72	0.46

Source : Planning Commission.

(e) : The economic reforms introduced in the Indian economy since 1991 , have substantially improved the balance of payments scenario of the country, improved the external debt situation and enhanced the inflow of foreign investment in the country. Overall economic growth has picked up. The positive impact is also evident on the inflation, poverty and unemployment. In order to take the advantage of the globalization, the policy focus is on knowledge-based industries, exports and foreign investment. The policies and programs are guided by the overriding objectives of ` Faster Growth with Employment and Equity`.